VERBATIM TRANSCRIPT – ITEM 46

DISCUSSION AND POSSIBLE ACTION REGARDING TEMPORARY APPROVAL OF 1 2 A NEW TAVERN LICENSE, NEVADA RECEIVERSHIP, LLC, dba CRAZY HORSE 3 TOO, 2476 INDUSTRIAL ROAD, MICHAEL J. SIGNORELLI, MANAGING MMBR, 4 100% - WARD 3 (REESE) 5 6 **Appearance List:** 7 GARY REESE, Mayor Pro Tem BRAD JERBIC, City Attorney 8 9 STEPHEN CARUSO, Attorney for Michael Signorelli 10 MICHAEL SIGNORELLI, 308 West Sahara Avenue 11 LARRY BROWN, Councilman 12 BARBARA JO RONEMUS, City Clerk 13 JIM DIFIORE, Manager of Business and License Services 14 LOIS TARKANIAN, Councilwoman 15 UNIDENTIFIED MALE SPEAKER 16 17 (00:00:00)18 19 Typed by: Lean Coleman

Proofed by: Angela Crolli

VERBATIM TRANSCRIPT – ITEM 46

21	MAYOR PRO TEM REESE
22	Item 46 is discussion and possible action regarding temporary approval of a new tavern license,
23	Nevada Receivership, LLC, doing business as Crazy Horse Too, 2476 Industrial Road, Michael
24	J. Signorelli, Managing Member, 100%. This is in Ward 3. I see the applicant and his attorney
25	are present. Mr. Jerbic, please.
26	
27	BRAD JERBIC
28	Thank you, I guess one of us has to go first, so I'll be happy to, Mr. Mayor Pro Tem and members
29	of Council. The, before you today, is a request for a temporary liquor license for a new operator
30	for what was the Crazy Horse Too. Before we begin, I would like to just make a little bit of a
31	record as what got us here today and what review my office has performed, so that we can kind
32	of make a record and put everything out for the public. The first thing I'd like to do is file with
33	the Clerk a copy of a lease dated September first, two thousand and five between Ricriz, LLC and
34	the Power Company, Inc. This is the lease that reflects a lease of property from Mr. Rizzolo, who
35	owns Ricriz to the Power Company, Inc., and it's the first document that establishes who owns
36	the building and who has control over the building.
37	Since that time, our office has received four operating subleases; the last one was delivered this
38	morning. And I've been working with Mr. Caruso, to my right, and if I make any mistakes or
39	anything needs to be added, I'm sure he'll –
40	
41	MAYOR PRO TEM REESE
42	I would – them, introduce themselves, please, Mr. Caruso.
43	
44	STEVE CARUSO
45	Thank you - Mayor Pro Tem, good morning, and good morning to Council and their guests. I'm
46	Steve Caruso, the attorney for Mr. Signorelli and this is Michael Signorelli.

48 MICHAEL SIGNORELLI

49 Michael Signorelli, 308 West Sahara.

VERBATIM TRANSCRIPT – ITEM 46

50	MAYOR PRO TEM REESE
51	Thank you.
52	
53	BRAD JERBIC
54	It's a little unusual for you to see the City Attorney's office down here on a - license. Usually
55	you'll see us on a revocation of a license, presenting the case. Because there were a number of
56	legal documents here and a number of legal questions to be answered, we got involved in
57	reviewing leases to make sure they comported of City policies and ultimately will result in ar
58	(inaudible) transaction, which would separate the previous owner and any other persons who pled
59	guilty in the federal cases from the operation of the Crazy Horse Too.
60	The first operating sublease that was presented to my office, I'm gonna present to the Clerk, had a
61	number of problems and, specifically, allowed the previous owner access to the premise, allowed
62	him to maintain an office on the premise and actually prohibited Mr. Signorelli from terminating
63	anybody who had an employment contract with the previous owner, without the previous owner's
64	permission. For obvious reasons, we didn't feel that distance, the previous owner from operation
65	of the premises enough, and we've communicated that to Business Services, which
66	communicated - it to Mr. Caruso. But I'd like to file that, as named number one, that's the first
67	operating sublease that would transfer the business to Mr. Caruso.
68	I would also mention that the operating subleases reference a purchase and sale agreement, which
69	was not attached to the first operating sublease. And I'll get to that in just a moment.
70	
71	COUNCILMAN BROWN
72	Mayor Pro Tem?
73	
74	MAYOR PRO TEM REESE
75	Yes.
76	
77	COUNCILMAN BROWN
78	Excuse me –

Page 3 of 17

79	MAYOR PRO TEM REESE
80	Councilman Brown.
81	
82	COUNCILMAN BROWN
83	- Mr. Jerbic. Could you just place them, as we enter these into the record, place and dates on
84	when you received that first one.
85	
86	BRAD JERBIC
87	The first one was negotiated and signed September 19th of this year, delivered to Business
88	Services by way of the – fax notation at the top on September 20th and given to my office Friday
89	of last week. That's when I first received that.
90	
91	COUNCILMAN BROWN
92	Thank you.
93	
94	MAYOR PRO TEM REESE
95	Roni, you have any problem with that?
96	
97	BARBARA JO RONEMUS
98	No.
99	
100	MAYOR PRO TEM REESE
101	Okay.
102	
103	BARBARA JO RONEMUS
104	(Inaudible) I want to be sure we were on the right document.

105	BRAD JERBIC
106	Number two was an agreement Mr. Caruso worked very diligently, sent this over on Monday,
107	two days ago, and it is the second version of the operating sublease, which attempted to address
108	the problems that were identified to Business Services as not appropriately separating the
109	previous owner from the business. Specifically, we were looking at paragraph number 35, in the
110	second agreement that talked about the operation of the business, and we felt that it still
111	represented a problem. It had a provision that required that the tenant, that would be Mr.
112	Signorelli, would assume all contracts of the landlord with respect to all third party contractors
113	and employees.
114	Stopping there for a minute, third party contracts with contractors is one thing; that could be
115	liquor distributors, that could be maintenance service, that could be things of that nature, but
116	employees was quite a different thing, and leaving it open-ended left the ability for employees
117	who pled guilty to the federal charges to continue to be employed at the establishment. And it
118	also went on to say that the landlord, through his designated repre, representatives, shall have
119	unlimited access to the premise, which we felt was inappropriate and communicated that to Mr.
120	Caruso. I'd like to file number two with the clerk at this time, as well.
121	Number three is the operating sublease that was delivered to our office yesterday, and it had
122	attached to it the purchase and sale agreement that was referenced in the operating sublease
123	number two. It came a long way in addressing most of the problems that we had, but there were
124	still specific problems in paragraph 24, excuse me paragraph 23, which allowed the tenant,
125	permitted the landlord and the owner to inspect the premise and enter the premise at any time.
126	Again, we were looking for a sublease which completely prohibited access to the premises by the
127	previous owner and any of the individuals that pled guilty to the felony charges. Looking at
128	paragraph 35, there were substantial corrections there, but we felt that it still left room for the
129	original owner, and perhaps some other co-defendants who pled guilty, to enter the premise. It
130	didn't, for example, reference all the federal case numbers and still had language in that we just
131	felt needed tightening, and so we bought that to Mr. Caruso's attention.

132	And then finally, in the sublease, it referenced the mailing address for the Power Company, Inc.
133	as the Crazy Horse address, which seemed inappropriate since the previous owner should not
134	have access to the premises anymore at the end of this deal.
135	The purchase and sale agreement, itself, also had an issue in paragraph 4.03 on page 4, which
136	provided that the seller at its own cost and expense shall operate the property in substantially the
137	same manner as it has operated the property before the effective date. Well, again, the seller's not
138	operating anything here, and so we bought that to Mr. Caruso's attention and asked that that also
139	be changed. This morning, between 8:15 and 8:30, oh actually, let me – file that with the clerk as
140	well, that's number three.
141	Number four was the operating sublease that we received this morning. After talking with Mr.
142	Caruso yesterday, they agreed to make the changes to the agreement that would satisfy our duty
143	to protect the public from individuals that ran the business before that were, that have pled guilty
144	to federal felonies. We ask that changes be made to paragraphs previously identified. I have not
145	had an opportunity at this point and time to read this page by page. I have read the relevant
146	paragraphs that I asked Mr. Caruso to change, and Mr. Caruso has made the exact changes that
147	we suggested, that will satisfy the City's concern that there not be any contact between
148	individuals –
149	
150	MAYOR PRO TEM REESE
151	At this time, Mr. Jerbic, I got to ask you a question, then. You just received this. Do you feel
152	comfortable, at this time, to make a recommendation to the – City Council?
153	
154	BRAD JERBIC
155	Right. I cannot tell you that I have read every line in this agreement, and that's, that was gonna be
156	my next sentence, and I talked to Mr. Caruso about that earlier. What I can tell you is, of the
157	three paragraphs that we asked be changed, they were changed.

158	STEVE CARUSO
159	And if I may make a representation to the Council, as an officer of the court, the – agreement is
160	word of a word –
161	
162	MAYOR PRO TEM REESE
163	Please identify yourself, please.
164	
165	STEVE CARUSO
166	I'm sorry, Steve Caruso, Your Honor, the attorney for Michael Signorelli. The changes have been
167	implemented as requested by the City and nothing else has been changed. So, as an officer of the
168	court, I'd like to make that representation to the Council
169	
170	MAYOR PRO TEM REESE
171	I can certainly appreciate that, Mr. Caruso, but again, this is not a five-page document that I have
172	here in front of me.
173	
174	STEVE CARUSO
175	True, Your Honor, but the changes that – were made –
176	
177	MAYOR PRO TEM REESE
178	I understand Sir, I understand. I – just, I have my own satisfaction level also, and I –can certainly
179	appreciate what you're saying.
180	
181	BRAD JERBIC
182	The only thing I would point out, and I'm gonna file this with the clerk as well, and I'm sure Mr.
183	Caruso has no problem with it, and it's probably 'cause they just didn't have them, but the federal
184	cases are not listed at all; there's blank spaces for those. I'm sure Mr. Caruso has no objection to
185	including the correct case numbers in there when the, at the appropriate time before the lease is
186	signed.

187	STEVE CARUSO
188	We did that in the interest of time, Council.
189	
190	BRAD JERBIC
191	That's what I assumed, but I wanted to make that as well, and I'll file number four with the Clerk.
192	That is the history of the lease and sublease and the purchase and sale agreement, which brings us
193	before the Council today. At the same time, there had been a number of issues that have come up.
194	I spoke with the Mayor Pro Tem before this meeting, he asked me to clarify and maybe make a
195	record on, so that we don't have to go back on this later and explain it.
196	I was hand delivered a letter by Mr. Chris Christoff in my office last week. It's dated September
197	28th, 2006. It's a letter of protest of the issuance of a temporary liquor license, and it purports to
198	be signed by Reverend William Ahern, pastor of the Little Church of Las Vegas, that he claims is
199	located on 2476 Industrial Road, within 1500 feet of the Crazy Horse Too establishment. I have
200	no way of knowing that; I'm just gonna assume it's true. I'm gonna assume that it is a church, and
201	I'm gonna assume that it is there. We've (inaudible), to master researchers as to whether or not
202	that is prohibitive in any way of a, issuance of a liquor license, temporary or permanent, for this
203	location.
204	The Las Vegas Municipal Code addresses non-conforming uses in Chapter 19.16, and
205	specifically talks about non-conforming buildings and non-conforming uses. To our knowledge,
206	and Mr. DiFiore can correct me, I believe the Crazy Horse Too's liquor license, prior to
207	revocation, goes back about 22 years and may go back further than that, but at least that far. And
208	at that point and time, the City of Las Vegas did not issue use permits. So, we have a non-
209	conforming building, non-conforming use and no use permit at that time.
210	As you know, today, when you issue a liquor license, an individual needs to get a land use
211	permission from our Land Use Department that says it's appropriate and you give a use permit.
212	Then you do a suitability check on the individual who wants the applica, who files the
213	application and then if they meet suitability, you issue it, but you need two things. In the absence
214	of a use permit, our Code talks about how long you have to take advantage of a non-conforming
215	use if a use ceases. And it turns out it's no different than if you have a use permit. Today, if the

216	Crazy Horse Too had a land use permit to pour liquor or was just grandfathered because they had
217	been there for so long, they would have six months, from the time of revocation to, before that
218	use would be extinguished at the site.
219	So, six months, in our opinion, from the time this Council pushed the button to revoke the liquor
220	license for Power Company, Inc. and - from that point, the six month clock began to toll, and if
221	liquor does not pour under a license during that time, it will cease forever at that location.
222	However, this application has come in within the six month window and can be considered. The
223	fact that there is a church there is just one more reason this building is a non-conforming use.
224	But it's one of a number of reasons that pre-existed the existence of a church. So, I want to state
225	on the record, that after research by our office, and I understand we have had an opinion also
226	from Planning, this liquor license could be issued if you find the applicant suitable. The church is
227	not a prohibition. So I wanted to get that on the record, file that letter with the clerk and - to
228	make that clear.
229	
230	MAYOR PRO TEM REESE
231	Thank you, City Attorney Jerbic.
232	
233	BRAD JERBIC
234	And finally –
235	
236	MAYOR PRO TEM REESE
237	Any questions on that subject from the Council members? I want it to be quite clear. Continue,
238	Brad.
239	
240	BRAD JERBIC
241	The final thing that I wanted to put on the record is that, as everybody's aware there is a federal
242	plea agreement between Mr. Rizzolo and other individuals that pled guilty to the federal charges
243	that I believe requires federal approval of any sale of the club. Now, I have got a call in to Eric
244	Johnson. He's the special assistant, United States attorney, who works with the Strike force who

VERBATIM TRANSCRIPT – ITEM 46

handled these negotiations at the federal level. As you probably read in the paper, he is currently
trying the Hell's Angels motorcycle case that occurred down in Laughlin years ago, and he's
pretty tied up. But I left a phone message for him yesterday notifying him that for the first time I
have the purchase and sale agreement and I had a few questions. One is, did they want to review
it and give us their opinion prior to the Council voting? And two, do they consider the lease itself
something that they need to opine on? And I don't know the answers to either of those because
I've not received a phone call back. But with that record made, I'll be glad to answer any
questions this Council has.

253

254

245

246

247

248

249

250

251

252

MAYOR PRO TEM REESE

- 255 Are there any questions from the Council members at this time? Mr. Caruso, I met with you and
- Mr. Signorelli. I really appreciate that. Mr. DiFiore, do you have anything you'd like to put on the
- record at this time?

258

259

JIM DIFIORE

- Just the fact that the temporary license, according to the Business License Code, is considered for
- 261 two situations; one, that the director has determined that preliminarily suitable, the applicant is
- preliminary suitable to go forward with the application. And secondly, the appropriateness of the
- business at the location. Mr. Signorelli does meet the criteria for consideration for a temporary
- license, and the location, as we all know, has been an existing establishment for many years. So,
- 265 those are the two criteria that we have considered.

266

267

MAYOR PRO TEM REESE

- 268 Thank you. Mr. Caruso, Mr. Signorelli, I haven't had a chance to go over this. I did meet with
- you; I was quite impressed. I understand some of the other Council members haven't had the
- 270 opportunity to visit with you. When Mr. Jerbic informed me about the telephone conversation,
- the call to the feds, and he hasn't returned the call back, I don't feel comfortable, myself, going
- 272 forward with this at this time. I just want to make sure that my staff can give me a clear
- 273 recommendation on this contract. I think it's very important to the City of Las Vegas that we do

VERBATIM TRANSCRIPT – ITEM 46

this – explicitly. I – think it's important, not only for yourselves but for us, to make sure that we –
go through this with a microscope, and I feel that, I don't - feel comfortable at this time taking
any action. I don't feel that without knowing what the feds say, yes one way or the other, I don't
feel comfortable going forward at this time. So, if you have anything you'd like to say at this
time, I would - sure accept that, but I feel at this time, I want to make a recommendation to hold
this in abeyance until our next meeting, October the 18th.

COUNCILMAN BROWN

282 Mayor Pro Tem.

284 MAYOR PRO TEM REESE

285 Yes.

COUNCILMAN BROWN

If I may, likewise, I had the opportunity to meet with Mr. Caruso and Mr. Signorelli, and very – impressed with your app, your application, your background. I enjoyed our meeting. You were upfront with all your answers and also very detailed in – some of our conversation, which I greatly appreciate. Echoing what Mayor Pro Tem said, my only concern, and it is not anything against you and your application, but the timing of all this has happened so quickly. Literally 10 or 11 days and probably even smaller between schedules, and that is something that just raises the level of discomfort to a point where I will support the motion. And even, and I know it's a coincidence, but even to the point where at least my documentation on our public agenda here, which is what we look at –

MAYOR PRO TEM REESE

299 Thank you.

300	COUNCILMAN BROWN
301	- the backup refers to a temporary psychic art and science business license, and I don't think -
302	those are your plans for this establishment. So –
303	
304	STEVE CARUSO
305	I'm not – aware of anything like that in –
306	
307	COUNCILMAN BROWN
308	It isn't, and I put that on the record –
309	
310	STEVE CARUSO
311	Oh.
312	
313	COUNCILMAN BROWN
314	- not only that we have to fix our backup but also just, it may be a little signal that we need to
315	take a step back, a deep breath and just connect all the dots that have been raised. Just to, at least
316	from my perspective, to give us a little more comfort level with all the issues surrounding your
317	application, with absolute support of our meeting and what your – client has brought to the City.
318	
319	MAYOR PRO TEM REESE
320	Brad, could you – explain that to us please.
321	
322	BRAD JERBIC
323	And I – did, I – contacted Mr. DiFiore on Friday and I noticed, we all noticed together that the
324	error in the backup documentation. I even saw something written hat speculated that it wasn't an
325	error, that it really was a psychic arts license for somebody who really applied for one. It's not; it
326	was just an absolute error. There were two, you know, things spliced together that shouldn't have
327	been. It was corrected; I think new backup was filed prior to the meeting. There's no psychic arts

VERBATIM TRANSCRIPT – ITEM 46

328	license involved, just one more confusing fact to add to the puzzle here, but that – should be easy
329	to dispel.
330	
331	MAYOR PRO TEM REESE
332	Thank you.
333	
334	STEVE CARUSO
335	If I may Councilman –
336	
337	MAYOR PRO TEM REESE
338	Yes.
339	
340	STEVE CARUSO
341	Councilman, we're very saddened to hear about this. I gotta tell you, Mike Signorelli came here
342	in 19, around 1969, after graduating from the University of Rhode Island, with honors, joined the
343	Air Force, came to Nellis Air Force Base, and before he left the Air Force, decided to make Las
344	Vegas his home. He's very, his, the distinction with which he's developed personally and
345	professionally here is – very impressive, at least to me. Not only did he get his Masters here with
346	a fellowship, but the Doctorate that my client earned was the very first Doctorate that was
347	awarded in a Nevada accredited school. He's worked for Howard Hughes. He worked for Sean
348	Holmes; in 1998, he had an unrestricted gaming license, Chairman-CFO of the Mesquite Star
349	Casino, (inaudible) Gaming.
350	I've examined this plea agreement, and I'll – represent to you, as an officer of the court, that what
351	this - portion of the plea agreement is to show that there are no mob ties to anyone buying the
352	property. That's the sole purpose of that plea agreement. And I'm sure Mr. Jerbic will agree with
353	me, La Cosa Nostra, LCN is – mentioned specifically; that's what they're worried about here.
354	

MAYOR PRO TEM REESE

356 Mr. Caruso?

357	STEVE CARUSO
358	Yes.
359	
360	MAYOR PRO TEM REESE
361	Just for your information, he's not on trial here.
362	
363	STEVE CARUSO
364	I know –
365	
366	MAYOR PRO TEM REESE
367	We - certainly appreciate that. We - as a City, okay, we have to feel comfortable on every
368	decision we make here, and I don't feel comfortable today. Now if you want to go forward, that's
369	your prerogative. But I just – feel a lot safer for myself, as well for your – applicant, to hold this
370	in abeyance.
371	
372	COUNCILWOMAN TARKANIAN
373	Mr. Mayor?
374	
375	MAYOR PRO TEM REESE
376	Yes.
377	
378	COUNCILWOMAN TARKANIAN
379	Pro Tem, please, Pro Tem, I might – make a comment, please.
380	
381	MAYOR PRO TEM REESE
382	Certainly.

VERBATIM TRANSCRIPT – ITEM 46

383	COUNCILWOMAN TARKANIAN
384	I – was just gonna echo what you said. I don't think there's anybody questioning Mr. Signorelli at
385	all, but the problem is we all know that this is an important decision being made within the City.
386	It involves a lot of people's lives; it involves years of work and effort on the part of many people
387	involved in government. And we need to be sure that our decision is as sound a decision as we
388	can make. The only problem is that all this information came in so late to us. Not that you didn't
389	work very hard; you - did. And, again, I echo Councilman Brown, thank you for your candor in
390	the meetings, and thank you for all the information that you - provided for us. But we have a
391	heavy responsibility to the citizens. Our job is to do the very best we can, and you really can't
392	take a document, of this length, and be able to feel comfortable with it when you have such a
393	short period of time. Now, I just wanted to echo what the other Council individuals were saying.
394	Thank you.
395	
396	MAYOR PRO TEM REESE
397	Mr. Signorelli.
398	
399	MICHAEL SIGNORELLI
400	Let me just say, if I may, that everybody on the City Council, staff, and everybody in the City
401	Hall, as the Metropolitan Police Department, everyone, has done an extraordinary job trying to
402	expedite this thing. I mean, I'm just proud of my City and everybody here, and I totally
403	understand where you're coming from, and I – couldn't disagree. And I just wanted to say that.
404	
405	MAYOR PRO TEM REESE
406	Thank you very much, Sir. Are there any other comments by the Council members? Then my
407	motion is going to be to hold this in abeyance until our next meeting, October the 18th, please.
408	
409	UNIDENTIFIED MALE SPEAKER
410	Can somebody else speak?

411	MAYOR PRO TEM REESE
412	Not on this item, thank you. We're going to hold it in abeyance; it's not a – discussion item. It's
413	not a public hearing item. Please cast your vote. You've heard the motion. Cast your vote, please.
414	
415	UNIDENTIFIED MALE SPEAKER
416	It's not a public item.
417	
418	MAYOR PRO TEM REESE
419	Please post. We're voting again. Please post. Motion carries. (Motion carried unanimously
420	with GOODMAND and WOLFSON abstaining) And we'll look forward to seeing you in a -
421	couple of weeks.
422	
423	STEVE CARUSO
424	Thank you.
425	
426	MICHAEL SIGNORELLI
427	Thank you very much.
428	
429	BRAD JERBIC
430	Mr. Mayor Pro Tem, if we can – instruct the Clerk, I believe that two weeks from now is also a
431	line item that would ask for a rehearing of the revocation of the license for the Crazy Horse Too.
432	If we could put this on before that hearing, I don't know that it would render it mute. It seems
433	likely it would, if there was a license granted. So, that would be my request.
434	
435	MAYOR PRO TEM REESE
436	Roni, you have a problem with that?
437	
438	BARBARA JO RONEMUS
439	No problem. Thank you.

440	STEVE CARUSO
441	Thank you.
442	
443	MAYOR PRO TEM REESE
444	Thank you.
445	
446	STEVE CARUSO
447	Thank you, Mayor and Council.
448	
449	MAYOR PRO TEM REESE
450	Just – for those in the audience, this is not a public hearing item today and we are going to hold
451	this in abeyance and we'll see what we'll do in the two weeks. But it's not a public hearing item.
452	
453	MIKE SIGNORELLI
454	Thank you, Council.
455	
456	STEVE CARUSO
457	Thank you, Mayor Pro Tem.
458	
459	
460	(END OF DISCUSSION)
461	/lc;ac